



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
PENDLETON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Henry Bertram, Pendleton County Judge/Executive

Honorable Donald R. Mays, Former Pendleton County Judge/Executive

Members of the Pendleton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Pendleton County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Pendleton County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Pendleton County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Pendleton County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Henry Bertram, Pendleton County Judge/Executive

Honorable Donald R. Mays, Former Pendleton County Judge/Executive

Members of the Pendleton County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Pendleton County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present a schedule of findings and questioned costs, included herein, which discusses the following areas of noncompliance:

- All Lease Agreements Should Be Properly Approved
- The County Treasurer Should Receive All Money and Account for it Properly
- The County Should Not Purchase Property Valued Over \$40,000 Without An Appraisal
- All Disbursements Should Be Presented To The Fiscal Court For Approval
- The County Should Use Budget Amendments When Needed

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2000, on our consideration of Pendleton County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
January 25, 2000

PENDLETON COUNTY OFFICIALS

June 30, 1999

Henry Bertram	County Judge/Executive
Donald Wells	County Attorney
Bonnie Monroe	County Clerk
Marvin Sullivan	Circuit Court Clerk
Lark O'Hara	Sheriff
Richard Colvin	Jailer
James Kimble	Property Valuation Administrator
Dennis Moneyhon	County Treasurer
John Peoples	Coroner
James Roseberry	Magistrate
Sandra Wells	Magistrate
William L. Klaber	Magistrate
Jeff Dicken	Magistrate
David Dunaway	Magistrate
Lee Roy Faulkner	Magistrate
Jack Sumpter	Magistrate
Anthony Messmer	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

PENDLETON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:

Cash	\$ 537,910
------	------------

Road and Bridge Fund:

Cash	716,314
------	---------

Jail Fund:

Cash	59,366
------	--------

Jail Commissary Fund:

Cash	2,514
------	-------

Local Government Economic Assistance Fund:

Cash	989,596
------	---------

Ambulance Fund:

Cash	48,883
------	--------

Mental Health/Mental Retardation Tax Fund:

Cash	155,979
------	---------

Flood Fund:

Cash	13,495
------	--------

Public Properties Corporation Fund:

Lease Payments Account - Cash	66
-------------------------------	----

Debt Service Reserve Account - Cash	253,464
-------------------------------------	---------

Bond Sinking Account - Investments	523,510
------------------------------------	---------

Voted Bond Fund:

Cash	18,462
------	--------

Payroll Account - Cash

286

Other Resources

General Fund:

Amounts to be Provided in Future Years for Lease Principal Payments	104,000
---	---------

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	1,152,960
--	-----------

Total Assets and Other Resources

\$ 4,576,805

The accompanying notes are an integral part of the financial statements.

PENDLETON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Principal Obligation (Note 5)	\$ 104,000
---	------------

Jail Fund:

Interest Payable (Note 6)	6,985
---------------------------	-------

Public Properties Corporation Fund:

Bond Principal Not Matured (Note 4)	1,930,000
--------------------------------------	-----------

Voted Hospital Bond Fund:

Bond Principal Matured and Unpresented	18,000
--	--------

Interest Matured and Unpresented	462
----------------------------------	-----

Payroll Account	286
-----------------	-----

Fund Balances

Reserved:

Jail Commissary Fund	2,514
----------------------	-------

Ambulance Fund	48,883
----------------	--------

Mental Health/Mental Retardation Tax Fund:	155,979
--	---------

Flood Fund	13,495
------------	--------

Unreserved:

General Fund	537,910
--------------	---------

Road Fund	716,314
-----------	---------

Jail Fund	52,381
-----------	--------

Local Government Economic Assistance Fund	989,596
---	---------

Total Liabilities and Fund Balances	<u>\$ 4,576,805</u>
-------------------------------------	---------------------

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

PENDLETON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 3,416,203	\$ 918,266	\$ 1,030,553	\$ 73,698
Transfers In	617,560	99,534	18,418	220,000
Lease-Purchase Proceeds	275,000			275,000
Jail Commissary Fund Receipts	16,433			
Total Cash Receipts	<u>\$ 4,325,196</u>	<u>\$ 1,017,800</u>	<u>\$ 1,048,971</u>	<u>\$ 568,698</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,667,699	\$ 698,844	\$ 832,687	\$ 267,333
Schedule of Unbudgeted Expenditures	265,289			265,289
Transfers Out	617,560	300,000	52,549	
Bonds:				
Principal Paid	88,000	3,000		
Interest Paid	115,558			
Jail Commissary Fund Expenditures	15,802			
Total Cash Disbursements	<u>\$ 3,769,908</u>	<u>\$ 1,001,844</u>	<u>\$ 885,236</u>	<u>\$ 532,622</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 555,288	\$ 15,956	\$ 163,735	\$ 36,076
Cash Balance - July 1, 1998	<u>2,764,271</u>	<u>521,954</u>	<u>552,579</u>	<u>23,290</u>
Cash Balance - June 30, 1999	<u>\$ 3,319,559</u>	<u>\$ 537,910</u>	<u>\$ 716,314</u>	<u>\$ 59,366</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

PENDLETON COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Ambulance Fund	Mental Health/ Mental Retardation Tax Fund	CDBG Waterlines Fund	CDBG ATK Industrial Projects Fund
\$	\$ 551,935	\$ 142,577 80,000	\$ 98,130	\$ 19,802	\$ 22,500
16,433					
\$ 16,433	\$ 551,935	\$ 222,577	\$ 98,130	\$ 19,802	\$ 22,500
\$	\$ 95,448	\$ 225,131	\$ 51,000	\$ 19,802	\$ 22,500
	199,608				
15,802					
\$ 15,802	\$ 295,056	\$ 225,131	\$ 51,000	\$ 19,802	\$ 22,500
\$ 631	\$ 256,879	\$ (2,554)	\$ 47,130	\$	\$
1,883	732,717	51,437	108,849		
\$ 2,514	\$ 989,596	\$ 48,883	\$ 155,979	\$ 0	\$ 0

PENDLETON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Flood Fund	Public Properties Corporation Fund			Voted Hospital Bond Fund	CDBG Micro- Enterprise Fund
	Lease Payments Account	Debt Service Reserve Account	Bond Sinking Account		
\$ 179,932	\$ 158 199,608	\$ 11,299	\$ 26,073	\$	\$ 18,841
<u>\$ 179,932</u>	<u>\$ 199,766</u>	<u>\$ 11,299</u>	<u>\$ 26,073</u>	<u>\$ 0</u>	<u>\$ 18,841</u>
\$ 143,674	\$	\$	\$	\$	\$ 18,841
35,403	85,000 115,558				
<u>\$ 179,077</u>	<u>\$ 200,558</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,841</u>
\$ 855 12,640	\$ (792) 858	\$ 11,299 242,165	\$ 26,073 497,437	\$ 18,462	\$
<u>\$ 13,495</u>	<u>\$ 66</u>	<u>\$ 253,464</u>	<u>\$ 523,510</u>	<u>\$ 18,462</u>	<u>\$ 0</u>

PENDLETON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

FEMA Cash Settlement Fund	CDBG HUD Flood Recovery Fund
\$ 125,000	\$ 197,439
<u>\$ 125,000</u>	<u>\$ 197,439</u>
\$ 125,000	\$ 167,439
	30,000
<u>\$ 125,000</u>	<u>\$ 197,439</u>
\$	\$
<u>\$ 0</u>	<u>\$ 0</u>

PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Pendleton County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Fund and the Jail Commissary Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Pendleton County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Pendleton County Fiscal Court: Pendleton County Industrial Development Authority.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

PENDLETON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of January 31, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$38,667 of public funds uninsured and unsecured.

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of January 31, 1999.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 2,250,000
Uncollateralized and uninsured	<u>38,667</u>
Total	<u><u>\$ 2,288,667</u></u>

Note 4. Long-Term Debt

PENDLETON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Bonds outstanding in the Public Properties Corporation Fund are:

\$1,930,000 Certificates of Participation Series 1993 dated January 1, 1994. Principal payments are due February 1 of each year in the amounts indicated below. Interest on the Certificates of Participation varies from 3.25% to 6.25% and is payable each February 1 and August 1.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999-00	4.75%	\$ 111,733	\$ 90,000
2000-01	5.00%	107,458	90,000
2001-02	5.10%	102,958	95,000
2002-03	5.20%	98,112	100,000
2003-04	5.30%	92,916	105,000
2004-2014	5.45% to 6.25%	<u>530,856</u>	<u>1,450,000</u>
Totals		<u>\$ 1,044,033</u>	<u>\$ 1,930,000</u>

Note 5. Lease-Purchase Agreement

On April 3, 1997, Pendleton County Fiscal Court entered into a lease with the Kentucky Association of Counties Leasing Trust (COLT) for financing of the purchase of a 3,700 square foot commercial and office building and land for the Pendleton County Water District. The Pendleton County Water District entered into a sublease agreement with the Pendleton county fiscal court for the building and land. The term of the lease is 20 years, ending no later than February 1, 2017.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999-00	5.384%	\$ 6,536	\$ 3,000
2000-01	5.384%	6,312	4,000
2001-02	5.384%	6,057	4,000
2002-03	5.384%	5,802	4,000
2003-04	5.384%	5,569	4,000
2004-2014	5.384%	<u>46,917</u>	<u>85,000</u>
Totals		<u>\$ 77,193</u>	<u>\$ 104,000</u>

Note 6. Lease Agreements

PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

On September 1, 1998 the Pendleton County Fiscal Court entered into a three (3) year lease with the Kentucky Area Development Districts Financing Trust, in the amount of \$275,000, for interim financing of the detention facility project. The principal of \$275,000 is due on November 20, 2001. Interest payments are due each November and May starting November 20, 1998 and ending November 20, 2001.

As of June 30, 1999, the interest payment due on May 20, 1999, in the amount of \$6,985, had not been paid, and is considered interest payable of the Jail Fund on the Statement of Assets, Liabilities, and Fund Balances arising from Cash Transactions.

Note 7. KACO Bond Issue

The Pendleton County Fiscal Court authorized the issuance of two outstanding bond issues for the Kentucky Association of Counties (KACO).

- A. In 1987, KACO issued \$25,000,000 of bonds through Pendleton County for the purpose of providing a comprehensive liability insurance coverage package to counties and other political subdivisions. In 1992, the 1997 issue was replaced with a similar \$25,000,000 bond issue authorized by the Pendleton County Fiscal Court.
- B. In 1989, KACO issued \$200,000,000 of money market revenue bonds through Pendleton County for the purpose of providing funding for a multi-county lease program.

Note 8. Insurance

For the fiscal year ended June 30, 1999, Pendleton County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

PENDLETON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 524,977	\$ 918,266	\$ 393,289
Road and Bridge Fund	700,833	1,030,553	329,720
Jail Fund	306,702	73,698	(233,004)
Local Government Economic Assistance Fund	353,290	551,935	198,645
Ambulance Fund	214,000	142,577	(71,423)
Mental Health/Mental Retardation Tax Fund	82,000	98,130	16,130
CDBG Waterlines Fund	51,111	19,802	(31,309)
CDBG ATK Industrial Projects Fund	22,500	22,500	
Flood Fund	640,100	179,932	(460,168)
CDBG Flood Disaster Fund	153,141		(153,141)
CDBG Micro Enterprise Fund	50,000	18,841	(31,159)
FEMA Cash Settlement Fund	125,000	125,000	
CDBG HUD Flood Recovery Fund	567,439	197,439	(370,000)
911 Fund	80,100		(80,100)
Totals	<u>\$ 3,871,193</u>	<u>\$ 3,378,673</u>	<u>\$ (492,520)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 3,871,193
Add: Budgeted Prior Year Surplus	1,982,000
Less: Other Financing Uses	<u>(202,608)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 5,650,585</u>

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SCHEDULE OF OPERATING REVENUE

PENDLETON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 562,821	\$ 487,083	\$	\$
Excess Fees - 1998	27,987	27,987		
County Clerk:				
Deed Transfer Tax	24,309	24,309		
Occupational Licenses	841	841		
Delinquent Taxes	8,367	7,631		
Excess Fees - 1998	45,931	45,931		
Tangible Personal Property Taxes:				
Other Counties	9,976	9,976		
County Clerk	92,647	78,550		
Totals	<u>\$ 772,879</u>	<u>\$ 682,308</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Federal DES/EMA	\$ 181,066	\$	\$	\$
Community Development Block Grants -				
HUD Disaster Recovery				
Assistance Supplemental				
Flood Projects	197,439			
Industrial Projects	22,500			
MicoEnterprises	18,841			
Waterlines	19,802			
Federal Disaster and Emergency Services/Emergency Management				
Agency Reimbursement	125,000			
Totals	<u>\$ 564,648</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

PENDLETON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Ambulance Fund	Mental Health/ Mental Retardation Tax Fund	CDBG Waterlines Fund	CDBG ATK Industrial Projects Fund	Flood Fund
\$	\$	\$ 75,738	\$	\$	\$
		736			
		14,097			
\$ 0	\$ 0	\$ 90,571	\$ 0	\$ 0	\$ 0
\$ 1,766	\$	\$	\$	\$	\$ 179,300
				22,500	
			19,802		
\$ 1,766	\$ 0	\$ 0	\$ 19,802	\$ 22,500	\$ 179,300

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Public Properties Corporation Fund</u>			
	<u>Lease</u>	<u>Debt Service</u>	<u>Bond</u>	<u>Voted</u>
	<u>Payments</u>	<u>Reserve</u>	<u>Sinking</u>	<u>Hospital</u>
	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Bond Fund</u>
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$	\$	\$	\$
Excess Fees - 1998				
County Clerk:				
Deed Transfer Tax				
Occupational Licenses				
Delinquent Taxes				
Excess Fees - 1998				
Tangible Personal Property Taxes:				
Other Counties				
County Clerk				
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 0	\$ 0	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Federal DES/EMA	\$	\$	\$	\$
Community Development Block				
Grants -				
HUD Disaster Recovery				
Assistance Supplemental				
Flood Projects				
Industrial Projects				
MicoEnterprises				
Waterlines				
Federal Disaster and Emergency				
Services/Emergency Management				
Agency Reimbursement				
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 0	\$ 0	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

<u>CDBG Micro- Enterprise Fund</u>	<u>FEMA Cash Settlement Fund</u>	<u>CDBG HUD Flood Recovery Fund</u>
\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$
18,841		197,439
	125,000	
<u>\$ 18,841</u>	<u>\$ 125,000</u>	<u>\$ 197,439</u>

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 27,536	\$	\$	\$ 27,536
Medical Allotments	2,421			2,421
Driving Under The Influence Fees	3,255			3,255
Housing State Prisoners	13,795			13,795
County Road Aid	809,531		809,531	
Truck License Distribution	161,449		161,449	
Election Expense Reimbursement	5,610	5,610		
Courthouse Rental - Administrative				
Office of the Courts	71,007	71,007		
Refunds:				
Legal Process Tax	56	56		
Drivers Licenses	1,383		1,383	
Dog Licenses	33	33		
Sheriff Bond Premium	173	173		
Severance Taxes:				
Coal	30,148			
Mineral	475,886			
Board of Appeals	150	150		
Grants:				
State Grants	2,113			
Totals	\$ 1,604,546	\$ 77,029	\$ 972,363	\$ 47,007

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Ambulance Fund	Mental Health/ Mental Retardation Tax Fund	CDBG Waterlines Fund	CDBG ATK Industrial Projects Fund	Flood Fund
\$	\$	\$	\$	\$	\$
30,148					
475,886					
	2,113				
\$ 506,034	\$ 2,113	\$ 0	\$ 0	\$ 0	\$ 0

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Public Properties Corporation Fund</u>			
	Lease	Debt Service	Bond	Voted
	Payments	Reserve	Sinking	Hospital
	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Bond Fund</u>
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$	\$	\$	\$
Medical Allotments				
Driving Under The Influence Fees				
Housing State Prisoners				
County Road Aid				
Truck License Distribution				
Election Expense Reimbursement				
Courthouse Rental - Administrative				
Office of the Courts				
Refunds:				
Legal Process Tax				
Drivers Licenses				
Dog Licenses				
Sheriff Bond Premium				
Severance Taxes:				
Coal				
Mineral				
Board of Appeals				
Grants:				
State Grants				
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

CDBG Micro- Enterprise Fund	FEMA Cash Settlement Fund	CDBG HUD Flood Recovery Fund
<u> </u>	<u> </u>	<u> </u>

\$	\$	\$
----	----	----

<u> </u>	<u> </u>	<u> </u>
\$ 0	\$ 0	\$ 0

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 162,495	\$ 27,407	\$ 43,311	\$ 2,700
Circuit Court Clerk:				
Jail Cost	7,108			7,108
Work Release	10,970			10,970
Housing Prisoners- Other Counties	2,220			2,220
Advertising Costs	368	368		
Licenses and Permits:				
Cable TV Franchise	5,419	5,419		
Charges for Services:				
Landfill User	103,240	103,240		
Ambulance Service	137,186			
Road Materials	6,674		6,674	
Lease Payments	8,685	8,685		
Surplus Machinery/Equipment Sales	1,616		1,616	
Miscellaneous Items	28,149	13,810	6,589	3,693
Totals	\$ 474,130	\$ 158,929	\$ 58,190	\$ 26,691
Total Operating Revenue	\$ 3,416,203	\$ 918,266	\$ 1,030,553	\$ 73,698

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Ambulance Fund	Mental Health/ Mental Retardation Tax Fund	CDBG Waterlines Fund	CDBG ATK Industrial Projects Fund	Flood Fund
\$ 42,783	\$ 573	\$ 7,559	\$	\$	\$ 632
	137,186				
1,352	2,705				
\$ 44,135	\$ 140,464	\$ 7,559	\$ 0	\$ 0	\$ 632
\$ 551,935	\$ 142,577	\$ 98,130	\$ 19,802	\$ 22,500	\$ 179,932

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Public Properties Corporation Fund</u>			
	<u>Lease</u>	<u>Debt Service</u>	<u>Bond</u>	<u>Voted</u>
	<u>Payments</u>	<u>Reserve</u>	<u>Sinking</u>	<u>Hospital</u>
	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Bond Fund</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 158	\$ 11,299	\$ 26,073	\$
Circuit Court Clerk:				
Jail Cost				
Work Release				
Housing Prisoners-				
Other Counties				
Advertising Costs				
Licenses and Permits:				
Cable TV Franchise				
Charges for Services:				
Landfill User				
Ambulance Service				
Road Materials				
Lease Payments				
Surplus Machinery/Equipment Sales				
Miscellaneous Items				
Totals	<u>\$ 158</u>	<u>\$ 11,299</u>	<u>\$ 26,073</u>	<u>\$ 0</u>
Total Operating Revenue	<u><u>\$ 158</u></u>	<u><u>\$ 11,299</u></u>	<u><u>\$ 26,073</u></u>	<u><u>\$ 0</u></u>

PENDLETON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

CDBG Micro- Enterprise Fund	FEMA Cash Settlement Fund	CDBG HUD Flood Recovery Fund
<u> </u>	<u> </u>	<u> </u>

\$	\$	\$
----	----	----

<u> </u>	<u> </u>	<u> </u>
\$ 0	\$ 0	\$ 0
<u> </u>	<u> </u>	<u> </u>
<u>\$ 18,841</u>	<u>\$ 125,000</u>	<u>\$ 197,439</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

PENDLETON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 53,277	\$ 51,830	\$ 1,447
Secretaries	43,168	41,103	2,065
Administrative Assistant	14,350	14,260	90
Office Materials and Supplies	7,000	6,866	134
Office of County Attorney:			
County Attorney Salary	12,982	12,981	1
Office of County Clerk:			
Fees	3,500	3,106	394
Office Materials and Supplies	9,500	8,290	1,210
Microfilming	2,500		2,500
Other Supplies	1,000		1,000
Office of Sheriff:			
Office Materials and Supplies	2,500	2,270	230
Office of County Coroner:			
Salaries-			
County Coroner	6,476	6,476	
Deputy Coroner	2,408	2,408	
Autopsies and Attendant Services	1,250	1,125	125
Materials and Supplies	300		300
Registrations, Conferences, and Training	500	457	43
Fiscal Court:			
Magistrates or Commissioners-			
Salaries	43,800	43,343	457
Registrations and Conferences	2,000	1,912	88
Office of Property Valuation Administrator:			
Telephone	1,500	962	538
Statutory Contribution	15,083	15,083	

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Board of Assessment Appeals:			
Per Diem	\$ 1,200	\$ 900	\$ 300
Office of County Treasurer:			
County Treasurer Salary	12,091	12,090	1
Office Materials and Supplies	200	132	68
County Law Library:			
Law Librarian Salary	600	600	
Elections:			
Per Diem-			
Election Commissioners	3,000	875	2,125
Election Officers	6,500	6,442	58
Election Tabulators	400	280	120
Voting Places	300	160	140
Printing and Forms	10,500	6,475	4,025
Voting Machine Maintenance	2,000	2,000	
Miscellaneous Expense	500	345	155
Planning Commission:			
Comprehensive Plan	16,000	12,525	3,475
Office Materials and Supplies	1,000		1,000
Other Supplies	1,000		1,000
Economic Development:			
Contribution	22,000	22,000	
Courthouse:			
Custodian Salary	8,328	8,328	
Custodial Supplies	5,000	2,812	2,188
Telephone	3,500	2,279	1,221
Utilities	12,500	10,713	1,787
Renewals and Repairs	53,000	52,959	41
Other Supplies	1,000	441	559

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse: (Continued)			
Machinery and Equipment	\$ 4,000	\$	\$ 4,000
County Properties Supplies	1,000		1,000
County Properties Renewals and Repairs	25,000	3,594	21,406
<u>Protection to Persons and Property</u>			
Disaster and Emergency Services:			
Emergency Dispatch Service	21,000	20,580	420
Forestry Fire Protection:			
Kentucky State Treasurer	1,750	1,600	150
Office of Public Defender:			
Contribution	1,700	1,505	195
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Warden Salary	8,823	8,823	
Rentals - Kennel	2,400	2,400	
Veterinary Services	1,000	476	524
Supplies and Equipment	1,000	842	158
Solid Waste:			
Coordinator Salary	13,500	13,500	
Office Materials and Supplies	1,000	500	500
Landfill Supplies and Equipment	2,000		2,000
Travel	2,000	2,000	
Education Programs	1,000	489	511
Flood Control Project	25,000	24,955	45
<u>Social Services</u>			
Senior Citizens Program:			
Contribution	250	250	

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u> (Continued)			
Cemeteries and Memorials:			
Pauper Burials	\$ 2,000	\$ 1,600	\$ 400
Memorials - Veterans Plaque	1,000		1,000
General Charity and Welfare:			
Materials and Supplies	1,000	524	476
Other Social Service Programs			
Literacy Program	500	500	
<u>Recreation and Culture</u>			
Parks:			
Festivals, Celebrations, and Programs	2,000	1,000	1,000
Recreation Programs	5,000	4,145	855
<u>Debt Service</u>			
Interest on Lease - KACO Lease	6,743	5,685	1,058
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	202,848		202,848
General Services:			
Audit Services	17,000	8,420	8,580
Legal Fees	2,000	116	1,884
Area Development District Payments	3,000	2,981	19
Bank Charges	100		100
Insurance	83,000	80,097	2,903
legal Notices	11,000	10,513	487
Memberships:			
County Judge/Executive, Fiscal Court	2,500	2,130	370
KACO	1,000	800	200
NACO	400	360	40

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
General Services: (Continued)			
Refunds	\$ 17,000	\$ 15,117	\$ 1,883
Data Processing Equipment	10,000	9,885	115
Contracted Services	3,000	1,300	1,700
Fringe Benefits:			
County Contributions-			
Social Security	37,000	34,938	2,062
Retirement	58,000	56,762	1,238
Health Insurance	24,000	20,445	3,555
Worker's Compensation	10,000	4,577	5,423
Unemployment Insurance	750	607	143
Total Operating Budget	\$ 996,977	\$ 698,844	\$ 298,133
Other Financing Uses:			
a) Principal on KACO Lease	3,000	3,000	
Total General Fund	\$ 999,977	\$ 701,844	\$ 298,133
<u>ROAD AND BRIDGE FUND</u>			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 29,112	\$ 28,329	\$ 783
Office Materials and Supplies	100		100
Judgements	5,000	5,000	
Road Maintenance:			
Road Workers Salaries	180,000	135,455	44,545
Bridges	50,000	3,150	46,850
Asphalt	400,000	397,562	2,438
Crushed Stone and Gravel	75,000	36,443	38,557
Machinery and Equipment	100,000	86,285	13,715
Road Materials	428,271	85,447	342,824

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u> (Continued)			
Road Maintenance: (Continued)			
Petroleum Products	\$ 20,000	\$ 12,304	\$ 7,696
Telephone	750	418	332
Utilities	4,000	1,584	2,416
<u>Administration</u>			
General Services:			
Bank Charges	100		100
Refunds	1,000	200	800
Fringe Benefits:			
County Contributions-			
Social Security	16,500	11,912	4,588
Health Insurance	25,000	18,851	6,149
Worker's Compensation	15,000	9,330	5,670
Unemployment Insurance	1,000	417	583
Total Road and Bridge Fund	<u>\$ 1,350,833</u>	<u>\$ 832,687</u>	<u>\$ 518,146</u>
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 48,879	\$ 48,879	\$
Deputies/Matrons	103,000	100,237	2,763
Operations-			
Financial Advisory Service	2,676	2,675	1
Cleaning Supplies	3,500	1,980	1,520
Food	38,500	37,825	675
Food Preparation and Serving Supplies	1,750	1,463	287
Food Service Equipment	1,000	70	930
Building Repairs	5,000	1,645	3,355
Equipment Repairs	1,000	209	791

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Jail Linens	\$ 750	\$ 474	\$ 276
Office Supplies	500	109	391
Prisoner Clothing	500	495	5
Prisoner Hygiene	300	126	174
Routine Medical	7,000	6,269	731
Staff Uniforms	250		250
Staff Training	750	650	100
Utilities	7,500	7,213	287
Telephone	1,000	640	360
Pest Control	420	280	140
Machinery and Equipment	1,500	1,332	168
Other Equipment	500	234	266
Contract with Other Counties	5,000	4,613	387
Juvenile Lodging	56,727	21,357	35,370
Other Contracted Services	4,000	2,752	1,248
Miscellaneous Operating Expense	1,000	385	615
<u>Administration</u>			
General Services:			
Bank Charges	100		100
Association Dues	350	200	150
Fringe Benefits:			
County Contributions-			
Social Security	11,250	10,952	298
Health Insurance	15,000	10,332	4,668
Worker's Compensation	6,000	3,697	2,303
Unemployment Insurance	1,000	240	760
Total Jail Fund	<u>\$ 326,702</u>	<u>\$ 267,333</u>	<u>\$ 59,369</u>

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>Roads</u>			
Road Maintenance:			
Road and Bridge Materials	\$ 31,895	\$ 31,895	\$
Dispatch Service:			
Renewals and Repairs	1,500		1,500
Equipment	20,000	3,016	16,984
Airports:			
Airport Operations	1,500	1,500	
Disaster Emergency Services:			
Director Salary	5,038	5,038	
Hazmat/Water Rescue Programs	3,500	3,030	470
Office Supplies	500	480	20
Supplies and Services	1,500	1,148	352
Hazardous Material Cleanup	1,000	990	10
County Fire Departments	40,000	40,000	
Evaluation and Testing	1,000	700	300
Senior Citizens Program	674	674	
<u>Debt Service</u>			
<u>Borrowed Money:</u>			
Interest on Lease	952		952
Other County Liabilities:			
Lease-Purchase Agreements			
<u>Administration</u>			
General Services:			
Trustee Agent's Fee	3,000	3,000	
Site Development	10,000		10,000
Contracted Services	7,229	3,614	3,615

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)			
<u>Administration: (Continued)</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 673,894	\$	\$ 673,894
Fringe Benefits:			
County Contributions-			
Social Security	500	363	137
Total Operating Budget	\$ 803,682	\$ 95,448	\$ 708,234
Other Financing Uses:			
b) Transfers to Public Properties			
Corporation Fund	199,608	199,608	
Total Local Government Economic Assistance Fund	\$ 1,003,290	\$ 295,056	\$ 708,234

AMBULANCE FUND

Protection to Persons and Property

Billing Clerk - Salary	\$ 9,987	\$ 9,986	\$ 1
Ambulance Service	175,000	163,497	11,503
Debt Collection Service	2,500	1,039	1,461
Dispatch Service	1,500	1,500	
Other Contracted Service	16,500	14,956	1,544
Custodial Supplies	1,000	591	409
Machinery and Equipment	6,000	5,440	560
Office Supplies	750	383	367
Gas and Oil	4,500	2,909	1,591
Other Supplies	1,000	535	465
Medical Supplies	10,000	9,977	23
Postal Costs	500	500	
Refunds	2,000	1,171	829
Renewals and Repairs	1,500	240	1,260
Telephone	1,000	899	101

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>AMBULANCE FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Utilities	\$ 4,000	\$ 2,818	\$ 1,182
Maintenance and Repairs - Vehicles	8,000	6,721	1,279
Pest Control	2,000	1,254	746
<u>Administration</u>			
General Services:			
Bank Charges	100		100
Contingent Appropriations:			
Reserve for Transfers	5,363		5,363
Fringe Benefits:			
County Contributions-			
Social Security	800	715	85
Total Ambulance Fund	<u>\$ 254,000</u>	<u>\$ 225,131</u>	<u>\$ 28,869</u>
<u>MENTAL HEALTH/MENTAL RETARDATION TAX FUND</u>			
General Health	<u>\$ 217,000</u>	<u>\$ 51,000</u>	<u>\$ 166,000</u>
<u>CDBG WATERLINES FUND</u>			
Waterline Expansion	<u>\$ 51,111</u>	<u>\$ 19,802</u>	<u>\$ 31,309</u>
<u>CDBG - ATK INDUSTRIAL PROJECTS FUND</u>			
Area Development District Payments	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ 0</u>

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>FLOOD FUND</u>			
Roads:			
Road Materials	\$ 18,500	\$	\$ 18,500
Contingent Appropriations:			
Reserve for Transfers	23,600		23,600
Administration:			
Renewals and Repairs	<u>610,000</u>	<u>143,674</u>	<u>466,326</u>
Total Flood Fund	<u>\$ 652,100</u>	<u>\$ 143,674</u>	<u>\$ 508,426</u>
 <u>CDBG A398 - FLOOD DISASTER FUND</u>			
Payments to Government Agencies	<u>\$ 153,141</u>	<u>\$ 0</u>	<u>\$ 153,141</u>
 <u>CDBG - MICO ENTERPRISE FUND</u>			
Economic Development	<u>\$ 50,000</u>	<u>\$ 18,841</u>	<u>\$ 31,159</u>
 <u>FEMA - CASH SETTLEMENT FUND</u>			
Industrial Authority Land Improvement	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 0</u>
 <u>CDBG - HUD DISASTER RECOVERY FUND</u>			
County Properties Repairs	\$ 10,000	\$	\$ 10,000
Jail Construction	200,000		200,000
River Bank Repairs	40,000		40,000
Area Development District	30,000	10,000	20,000
Payments to Other Government Agencies	30,000		30,000
City of Falmouth/Water and Sewer	100,000		100,000
Communication Equipment	7,439	7,439	
Buildings and Construction	<u>150,000</u>	<u>150,000</u>	
Total CDBG - HUD Disaster Recovery Fund	<u>\$ 567,439</u>	<u>\$ 167,439</u>	<u>\$ 400,000</u>

PENDLETON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>911 TAX FUND</u>			
Mapping	\$ 80,100	\$ 0	\$ 80,100
Total Operating Budget - All Funds	\$ 5,650,585	\$ 2,667,699	\$ 2,982,886
Other Financing Uses:			
Borrowed Money-			
a) Principal on KACO Lease	3,000	3,000	
b) Transfers to Public Properties Corporation Fund	199,608	199,608	
TOTAL BUDGET - ALL FUNDS	<u>\$ 5,853,193</u>	<u>\$ 2,870,307</u>	<u>\$ 2,982,886</u>

SCHEDULE OF UNBUDGETED EXPENDITURES

PENDLETON COUNTY
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

<u>Expenditure Items</u>	<u>Jail Fund</u>
Architect Services	\$ 177,689
Interest on Lease	2,600
Land	<u>85,000</u>
Totals	<u><u>\$ 265,289</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Henry Bertram, Pendleton County Judge/Executive
Honorable Donald R. Mays, Former Pendleton County Judge/Executive
Members of the Pendleton County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Pendleton County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pendleton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs.

- The County Treasurer Should Receive All Money and Account for it Properly
- The County Should Not Purchase Property Valued Over \$40,000 Without an Appraisal

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pendleton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Henry Bertram, Pendleton County Judge/Executive
Honorable Donald R. Mays, Former Pendleton County Judge/Executive
Members of the Pendleton County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
January 25, 2000

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Henry Bertram, Pendleton County Judge/Executive
Honorable Donald R. Mays, Former Pendleton County Judge/Executive
Members of the Pendleton County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Pendleton County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Pendleton County's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Pendleton County's management. Our responsibility is to express an opinion on Pendleton County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pendleton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pendleton County's compliance with those requirements.

In our opinion, Pendleton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Pendleton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pendleton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Honorable Henry Bertram, County Judge/Executive
Honorable Donald R. Mays, Former Pendleton County Judge/Executive
Members of the Pendleton County Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
January 25, 2000

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PENDLETON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Pendleton County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. Five instances of noncompliance immaterial to the financial statements of Pendleton County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Pendleton County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Pendleton County reported in Part C of this schedule.
7. The programs tested as major programs included: HUD Disaster Recovery Initiative Fund and FEMA Cash Settlement
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Pendleton County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None

NONCOMPLIANCES

1. All Lease Agreements Should Be Properly Approved

During our audit it was discovered that the County did not follow proper procedures when entering into a lease agreement. The county did not notify the Department for Local Government with a letter of intent to borrow, before entering into a lease agreement with the Kentucky Area Development Districts Financing Trust for \$275,000. KRS 65.944(1)(a) states, without notifying the State Local Finance Officer in writing no lease may be entered into if the lease price exceeds one hundred thousand dollars (\$100,000). We recommend that in the future, the county comply with KRS 65.944(1)(a), by notifying the Department for Local Government, when leases require their approval.

Management's Response: (County Judge/Executive, Henry Bertram) I was made aware of mistakes that were made prior to my taking office and will resolve these mistakes and will comply with KRS and the Department for Local Government in the future.

(Former County Judge/Executive, Donald Mays) This letter was written by Sims and Sims.

PENDLETON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 1999
(Continued)

2. The County Treasurer Should Receive All Money and Account for it Properly

During our audit it was discovered that the County Treasurer did not receive all money intended for the county or account for the money properly. On September 24, 1998, the county received \$275,000 from a lease agreement with the Kentucky Area Development Districts Financing Trust, for interim financing of the new jail. The County Treasurer never accounted for the receipt and disbursements of this money in the county's records. KRS 68.020 states, 1) The County Treasurer should receive and receipt all money, 2) The County Treasurer should keep an accurate detailed account of all money received and disbursed for the county. In the future we recommend that the county comply with KRS 68.020, by ensuring the County Treasurer receive and receipt all money and keep an accurate detailed account of all money received and disbursed.

Management's Response: (County Judge/Executive, Henry Bertram) I was made aware of mistakes that were made prior to my taking office and will resolve these mistakes and will comply with KRS and the Department for Local Government in the future.

(Former County Judge/Executive, Donald Mays) Do not agree with this at all, this again was handled by Sims and Sims, they paid these monies out of their account.

3. The County Should Not Purchase Property Valued Over \$40,000 Without An Appraisal

During our audit we discovered that the county purchased property at a cost of \$85,000, without an appraisal being performed. KRS 67.080(1)(b) states, when real property is purchased, the county shall pay no more than the highest appraised value, as determined by a Kentucky certified real property appraiser. Also it states, a valuation of the property shall not be required if the purchase price is forty thousand dollars (\$40,000) or less. We recommend that in the future the county comply with KRS 67.080(1)(b) when purchasing real property.

Management's Response: (County Judge/Executive, Henry Bertram) I was made aware of mistakes that were made prior to my taking office and will resolve these mistakes and will comply with KRS and the Department for Local Government in the future.

(Former County Judge/Executive, Donald Mays) Again, I cannot agree with this audit at all.

4. All Disbursements Should Be Presented To The Fiscal Court For Approval

During our audit we discovered that disbursements made from the \$275,000 lease agreement with the Kentucky Area Development Districts Financing Trust, were not presented and approved by the fiscal court. KRS 68.275 states that the County Judge/Executive shall present all claims to the fiscal court for review prior to payment, and the court, for good cause shown, may order that a claim not be paid. In the future we recommend that the County Judge/Executive present all claims to the fiscal court for their review and approval.

Management's Response: (County Judge/Executive, Henry Bertram) I was made aware of mistakes that were made prior to my taking office and will resolve these mistakes and will comply with KRS and the Department for Local Government in the future.

(Former County Judge/Executive, Donald Mays) None

PENDLETON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 1999
(Continued)

5. The County Should Use Budget Amendments When Needed

During our audit we discovered that the lease agreement for the interim financing of the jail was never included in the budget. KRS 68.280 states the fiscal court may make a provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts and specifying the budget funds that are to be increased thereby. Also, the amendment shall be submitted to the state local finance officer subject to the same provisions as the original budget. In the future we recommend the county comply with KRS 68.280 by obtaining budget amendments when necessary.

Management's Response: (County Judge/Executive, Henry Bertram) I was made aware of mistakes that were made prior to my taking office and will resolve these mistakes and will comply with KRS and the Department for Local Government in the future.

(Former County Judge/Executive, Donald Mays) None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

PENDLETON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1999

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government:		
Community Development Block Grants-		
Waterlines	B-96-DC-21-0001(14)	\$ 19,802
ATK Distribution Project	B-96-DC-21-0001(051)	22,500
HUD Disaster Recovery Initiative Funds (CFDA #14.218)	B-97-NU-21-005	167,439
Microenterprise Project (CFDA #14.228)	B-97-DC-21-0001(012)	<u>18,841</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 228,582</u>
<u>U.S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants-		
Coordinator Expenses (CFDA #83.514)		\$ 1,766
Public Assistance (CFDA #83.516)		143,674
FEMA Cash Settlement		<u>125,000</u>
Total U.S. Federal Emergency Management Agency		<u>\$ 270,440</u>
Total Cash Expenditures of Federal Awards		<u><u>\$ 499,022</u></u>

See Notes to the Schedule of Expenditures of Federal Awards.

PENDLETON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1999

Note 1 - Basis of Presentation

This schedule is presented on a cash basis.

Note 2 - The federal expenditures for the HUD Disaster Recovery Initiative Fund include grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Pass-Through Number</u>	<u>Grant Amount</u>
City of Butler	N/A	\$ 150,000
City of Falmouth	N/A	\$ 7,439

CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

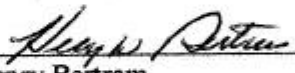
PENDLETON COUNTY FISCAL COURT

June 30, 1999

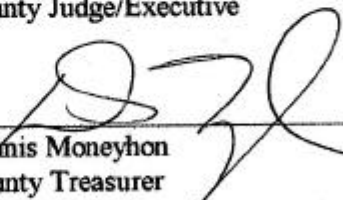
Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
PENDLETON COUNTY FISCAL COURT

The Pendleton County Fiscal Court hereby certifies that assistance received from Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Henry Bertram
County Judge/Executive



Dennis Moneyhon
County Treasurer